

# CASS Firms: Focus Resilience

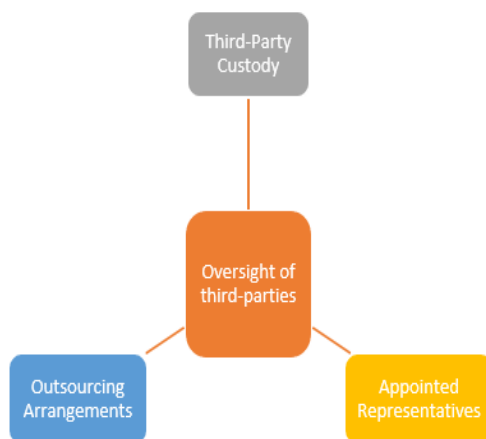
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In 2020 the FCA issued three Dear CEO letters. The letters were a reminder to firms of the obligations relating to client assets and client money. FCA reminded firms of the importance of maintaining adequate measures to protect client money and assets in the current environment.

In the [letters](#), the FCA emphasised the need for firms to continue to pay due attention to:

- Governance and oversight - senior management oversight as well as regular monitoring to enable identification of material risks
- Oversight of third parties – including periodic due diligence, ensuring controls are effective and particular attention is to be paid to insolvency events
  - Third-party custody arrangements
  - Outsourcing arrangements
  - Oversight of appointed Representatives – appropriate monitoring in place.
- Recordkeeping and reconciliations
- Acknowledgement letters for all client money accounts
- Accurate and up-to-date CASS Resolution pack

The letters concluded with the FCA drawing attention to the requirements under SUP15.3 and Principle 11. Firms must make due notification of any material issues or concerns.



There is a recurring theme here. Firms are constantly being reminded to take an holistic view. Not only looking internally and ensuring they themselves are complying with CASS. Firms also need to look at any third-party arrangements, sub-contracting arrangements including appointed representatives. It's important that regulated firms understand the risks posed by these other parties.

What happens if one of these firms goes out of business? How might that impact your client's assets or money? How might that impact your firm, its services and its reputation.

The regulators are focusing heavily on building a resilient framework for the financial services sector. There are two elements to this, both of which are equally important. Firstly, firms must focus on building operational resilience. Secondly, firms need to consider their financial resilience. Both

require firms to take into consideration the impact of any third parties and sub-contractors upon their own business and clients.

Further Dear CEO letters were issued to the [insurance sector](#) earlier this year, which reiterated the messages of the earlier letters. It also served as a reminder to have adequate processes in place to ensure funds are protected.

Firms need to review their current arrangements, share the letter with Boards and ensure the Board understands their CASS risks and how they are managed.

#### **How Ruleguard can help you:**

Ruleguard is an industry-leading software platform designed to help regulated firms manage the burden of evidencing and monitoring compliance. It has a range of tools to help firms fulfil their obligations across the UK, Europe and APAC regions.

We offer practical line-by-line mapping for client asset compliance in custody, client money, mandates and resolution packs.

Get in touch with the Ruleguard team to learn more on 020 3965 2166 or [hello@ruleguard.com](mailto:hello@ruleguard.com)

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